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SUBJECT: TER-PETROSSIAN APPEALS TO OLIGARCHS FOR SUPPORT WHILE
DEFENDING HIS VIEWS ON TURKEY

REFS: A) YEREVAN 1364 B) YEREVAN 1307

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SUMMARY

¶1. (SBU) Addressing approximately 15,000-20,000 citizens gathered at his third public rally in Yerevan on December 8, ex-President Levon Ter-Petrossian (LTP) urged oligarchs and businessmen to throw off "the yoke" of the Kocharian regime and support his candidacy. LTP also responded to Kocharian's labeling him as pro-Turkish, blasting the latter's regime for conducting a foreign policy of gimmicks that has only exacerbated Armenia's isolation. He said recognition of the genocide should be for the Armenian Diaspora to address, not Armenia, as he voiced his continued support for normalizing ties with Turkey without preconditions. END SUMMARY.

APPEAL AND PARDONING OF THE OLIGARCHS

¶2. (U) In a conspicuous effort to expand his camp's number of influential supporters, LTP urged Armenia's leading oligarchs - most of whom are dependent upon or allied with President Kocharian - to throw off the government's "yoke" and join him in changing the regime. Drawing historical comparisons between rulers and slaves during the medieval Mongol empire, LTP challenged oligarchs to rethink their ties with President Kocharian and Prime Minister Sargsyan, asking "Until when will you tolerate that humiliation" and "Until when will you put up with your slave-like status?"

¶3. (U) LTP pointedly reminded Armenia's super wealthy that the ruling regime could take their property at any moment. He also disputed the widely-held belief that oligarchs were allowed to evade taxes in return for supporting the authorities. He contended that oligarchs in fact paid taxes, but instead of the state budget these ended up in the pockets of the "jackals" running the country. Extending an olive branch to the oligarchs and ostensibly exonerating them from any misdoings, LTP acknowledged that they had no choice but to play by the illegal rules set up by the authorities.

APPEAL TO BUSINESSMEN AND RURAL POPULATION

¶4. (U) Ter-Petrossian also reached out to businessmen of small and medium-sized enterprises, condemning government plans to raise their taxes by abolishing the so-called "simplified tax" which they have

paid until now. In a move that the government says will help it combat widespread tax evasion, the parliament earlier this year amended existing tax legislation to make it harder for businesses to qualify for the simplified tax. (Note: According to media reports, under the simplified tax policy small and medium business paid tax worth approximately five percent of revenues. Under the amended rules, effective January 1, small and medium business will have to pay both a VAT (20%) and profit tax (20%). End note.)

15. (U) In condemning the measure, LTP reiterated his claims that the government-linked super rich are increasingly monopolizing the Armenian economy. In a nod to Armenia's rural population, LTP also called Armenia's farmers the unrecognized heroes of modern times, crediting them with sustaining Armenia during the early nineties - when war, closed borders, and energy blockades threatened Armenia's survival.

DEFENDS VIEWS ON TURKEY

16. (U) LTP responded to Kocharian's portrayal of him as pro-Turkish by defending his views on Turkey as logical and in Armenia's interests. He also characterized the last ten years of Armenian foreign policies as "shameful defeats." LTP said Kocharian's foreign policies were conducted as "gimmicks," were done in vain, and only served to isolate Armenia further. Among others, he cited Armenia's misguided efforts spent on preserving Section 907 of the Freedom Support Act penalizing Azerbaijan for its blockade of Armenia, genocide recognition by Turkey, and opposition to the Kars-Akhalkalaki-Baku railway.

17. (U) In reaffirming his conciliatory position on normalizing ties with Turkey, LTP said the Diaspora, not Armenia, should pursue international recognition of the genocide. LTP questioned the sense and sincerity of Kocharian's declaring recognition a major foreign policy goal, saying it only served to antagonize the Turks. He said

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neither ultimatums nor cornering Turkey could force the latter to change its position. At the same time, however, LTP rejected as "unacceptable and offensive" Turkish calls for creating a bilateral commission of historians to assess whether the mass killings of Ottoman Armenians constituted genocide. He also said Armenians should find the strength to overcome the "victim's mentality" and use the past as a source for revival rather than continued grief.

COMMENT

18. (SBU) Seeking to capitalize on the momentum and numbers of rank and file followers his rallies continue to generate, LTP must now lure the wealthy and powerful to his cause. With many of them dependent on Kocharian for their continued prosperity, this will be an uphill climb. Not one has come to the defense of the sole oligarch who has publicly supported LTP, and whom the authorities are aggressively pursuing with tax inspections and charges of financial misfeasance. On foreign policy matters, LTP also has a hard sell in the face of a relentless, one-sided propaganda campaign that characterizes him as pro-Turkish, pro-Azeri, and a traitor on Nagorno-Karabakh. While his views may resonate in various segments of the population, the fact that they are effectively drowned out by pro-Sargsyan propaganda means their intended audience rarely gets to hear them. END COMMENT.

PENNINGTON